

**ENGLISH SKILLS
LEARNING CENTER
FORMERLY KNOW AS
LITERACY VOLUNTEERS
OF AMERICA-
WASATCH FRONT, INC.**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

AND

ACCOUNTANTS' COMPILATION REPORT

SHAW & CO., P.C.

Certified Public Accountants & Business Advisors

ENGLISH SKILLS LEARNING CENTER
Formerly Known As
Literacy Volunteers of America-Wasatch Front, Inc.

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ACCOUNTANTS' COMPILATION REPORT

The Board of Directors
English Skills Learning Center
Salt Lake City, Utah

We have compiled the accompanying statement of financial position of English Skills Learning Center, formerly known as Literacy Volunteers of America-Wasatch Front, Inc as of June 30, 2004 and the related statements of activities, functional expenses and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The prior year summarized comparative information has been derived from the Organization's June 30, 2003 compiled financial statements.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements, and accordingly, do not express an opinion or any other form of assurance on them.

Shaw & Co., P.C.

Bountiful, Utah
October 13, 2004

ENGLISH SKILLS LEARNING CENTER
Formerly Known As
Literacy Volunteers of America-Wasatch Front, Inc.
Statement of Financial Position
June 30, 2004
With Comparative Totals for June 30, 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash	\$ 3,531	\$ 8,133
Accounts receivable	<u>15,866</u>	<u>-</u>
Total current assets	<u>19,397</u>	<u>8,133</u>
Fixed assets, at cost		
Equipment and furniture	4,289	4,289
Leasehold improvements	<u>36,075</u>	<u>36,075</u>
	40,364	40,364
Less: accumulated depreciation	<u>(28,539)</u>	<u>(26,134)</u>
	<u>11,825</u>	<u>14,230</u>
	<u><u>\$ 31,222</u></u>	<u><u>\$ 22,363</u></u>
 LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	\$ -	\$ 31
Total current liabilities	<u>\$ -</u>	<u>31</u>
Net assets		
Unrestricted	31,222	22,332
Temporarily restricted	-	-
Permanently restricted	<u>-</u>	<u>-</u>
	<u>31,222</u>	<u>22,332</u>
	<u><u>\$ 31,222</u></u>	<u><u>\$ 22,363</u></u>

See accompanying notes to financial statements
and accountants' compilation report.

ENGLISH SKILLS LEARNING CENTER
Formerly Known As
Literacy Volunteers of America-Wasatch Front, Inc.
Statement of Activities
Year Ended June 30, 2004
With Comparative Totals for the Year Ended June 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2004 Total</u>	<u>2003 Total</u>
REVENUES AND SUPPORT					
Donations and gifts	\$ 83,085	\$ -	\$ -	\$ 83,085	\$ 35,265
Government grants	41,993	-	-	41,993	63,415
Program service revenue	7,044	-	-	7,044	-
Product sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125</u>
Total revenues and support	<u>132,122</u>	<u>-</u>	<u>-</u>	<u>132,122</u>	<u>98,805</u>
EXPENSES					
Program services	107,824	-	-	107,824	90,838
Management and general	9,244	-	-	9,244	10,688
Fundraising	<u>6,164</u>	<u>-</u>	<u>-</u>	<u>6,164</u>	<u>5,343</u>
Total expenses	<u>123,232</u>	<u>-</u>	<u>-</u>	<u>123,232</u>	<u>106,869</u>
Change in net assets	8,890	-	-	8,890	(8,064)
Net assets, beginning of year	<u>22,332</u>	<u>-</u>	<u>-</u>	<u>22,332</u>	<u>30,396</u>
Net assets, end of year	<u>\$ 31,222</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,222</u>	<u>\$ 22,332</u>

See accompanying notes to financial statements
and accountants' compilation report.

ENGLISH SKILLS LEARNING CENTER
Formerly Known As
Literacy Volunteers of America-Wasatch Front, Inc.
Statement of Functional Expenses
Year Ended June 30, 2004
With Comparative Totals for the Year Ended June 30, 2003

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2004 Total</u>	<u>2003 Total</u>
Salaries	\$ 64,780	\$ 5,553	\$ 3,702	\$ 74,035	\$ 56,991
Payroll taxes	6,701	574	383	7,658	10,665
Benefits	<u>9,652</u>	<u>827</u>	<u>552</u>	<u>11,031</u>	<u>10,302</u>
Total salaries, payroll taxes and benefits	81,133	6,954	4,637	92,724	77,958
Office expenses	7,673	658	439	8,770	7,459
Rent	5,053	433	289	5,775	5,000
Professional services	2,747	236	157	3,140	3,288
Travel	2,284	196	131	2,611	57
Telephone	2,119	182	121	2,422	2,098
Training	1,490	128	85	1,703	2,860
Insurance	1,247	107	71	1,425	1,425
Supplies and books	1,094	94	63	1,251	844
Dues and subscriptions	743	64	43	850	311
Repairs and maintenance	71	6	4	81	633
Miscellaneous	65	6	4	75	1,527
Advertising	-	-	-	-	530
Utilities	-	-	-	-	348
Consulting	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126</u>
Total expenses before depreciation	105,719	9,064	6,044	120,827	104,464
Depreciation	<u>2,105</u>	<u>180</u>	<u>120</u>	<u>2,405</u>	<u>2,405</u>
Total expenses	<u>\$ 107,824</u>	<u>\$ 9,244</u>	<u>\$ 6,164</u>	<u>\$ 123,232</u>	<u>\$ 106,869</u>

See accompanying notes to financial statements
and accountants' compilation report.

ENGLISH SKILLS LEARNING CENTER
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Literacy Volunteers of America-Wasatch Front, Inc.
Statement of Cash Flows
Year Ended June 30, 2004
With Comparative Totals for the Year Ended June 30, 2003

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 8,890	\$ (8,064)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	2,405	2,405
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	(15,866)	4,625
(Decrease) in accounts payable and accrued liabilities	<u>(31)</u>	<u>(2,513)</u>
Net cash used by operating activities	<u>(4,602)</u>	<u>(3,547)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	 <u>-</u>	 <u>-</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	 <u>-</u>	 <u>-</u>
 Net (decrease) in cash	 (4,602)	 (3,547)
Cash, beginning of year	<u>8,133</u>	<u>11,680</u>
Cash, end of year	<u><u>\$ 3,531</u></u>	<u><u>\$ 8,133</u></u>
 SUPPLEMENTAL CASH FLOW INFORMATION		
 Cash paid for interest	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>
Cash paid for income taxes	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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ENGLISH SKILLS LEARNING CENTER
Formerly Known As
Literacy Volunteers of America-Wasatch Front, Inc.
Notes to Financial Statements
June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History and services

Literacy Volunteers of America, Inc. (LVA), a national nonprofit organization developed to promote literacy, originated 33 years ago in Syracuse, New York, and formed affiliates throughout most of the United States.

The Salt Lake City affiliate, English Skills Learning Center (the Organization), was begun July 15, 1988. The Organization incorporated September 24, 1990 under the laws of the State of Utah as a not-for-profit corporation. The Organization has no authority to issue capital stock.

English Skills Learning Center was founded in 1988 under the name Literacy Volunteers of America - Wasatch Front (LVA-WF) by Mary Hausen, who had previously worked with the national organization Literacy Volunteers of America. Initially, the Organization trained volunteers to teach both English speakers who had difficulty in reading and/or writing, and also immigrants and refugees needing basic language skills. One of the major successes was a program aimed at children who were reading below grade level in elementary school. This program, *I Can Read*, was later adopted by the Utah State Office of Education and implemented statewide. In the mid-1990's, in the face of a rapidly growing population of refugees and other immigrants, LVA-WF started to put more emphasis on helping adult non-English speakers, and since 2001 has worked exclusively in the field of English as a Second Language.

In 1993, the Organization began its association with Deseret Industries, providing trained tutors at Welfare Square, Sugarhouse, and at the Humanitarian Center where the ESL program continues under our management today.

Over the past 18 months, the Organization has added the Family Literacy Program and the Workplace Literacy Program to its main individual tutoring program. During the same period, it has greatly increased the number of volunteers and doubled the number of students served with no increase in total budget. In the Family Literacy Program, trained tutors teach entire families of newly arrived refugees in their own homes. The Workplace Literacy Program, funded in part by a grant from Salt Lake County, is a collaboration with another literacy organization. In that program, experienced instructors, assisted by volunteers, teach basic language and literacy skills that are needed in the workplace.

In October 2003, the Organization officially changed its name to English Skills Learning Center to better reflect its new focus.

The Organization has a paid staff consisting of an executive director (FTE), and administrative assistant (FTE), and a half-time Family Literacy Program Coordinator.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Notes (continued)

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions. As permitted by this new standard, the Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present classes of net assets.

The Organization has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," in 1996. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. In addition, the Organization has not received any contributions with donor-imposed restrictions that would result in permanently restricted net assets.

Revenue recognition

Substantially all of the organization's support is obtained from contributions, contracts and grants. These are recorded as revenue and support as received, unless specifically restricted by the donor for a subsequent period.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2004.

Donated services

Last year, volunteer tutors and advisors donated 9,500 hours of service to the Organization. Amounts applicable to donated services have not been included in the accompanying financial statements as there is no objective method of determining the amount or the value of such services.

Notes (continued)

Government Funding

Funding from all government sources is considered to be unrestricted as long as it is expended under contract guidelines and is expended in the period for which it is contracted.

Equipment, Furniture, and Leasehold Improvements

Equipment, furniture and leasehold improvements are recorded at cost. Depreciation is computed using the straight-line method over estimated useful lives of the assets, which range from five to fifteen years. Depreciation expense for the year ended June 30, 2004 was \$2,405.

2. LEASE COMMITMENTS

The Organization signed a one-year lease for its facility in June 2004. It requires monthly payments of \$525. Required future minimum lease payments amount to \$6,300. Total rent expense for the year ended June 30, 2004 was \$5,775.